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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 19, 2013

CERTIFIED RETURN RECEIPT
7005 2570 0000 4801 5815

James Byars
Red Cliff Mining, Inc.
321 South 100 East
P.O. Box 576
Emery, Utah 84522

Subject: Review of Reclamation Surety, Red Cliff Mining, Inc., H&B Mine, S/019/0063, Grand County, Utah

Dear Mr. Byars:

The last surety estimate for the H & B Mine was done in 2007 and escalated to 2010 dollars, so it is now overdue for adjustment to account for changes in reclamation costs.

Based on average reclamation costs **and the acreage identified in the Revised Notice of Intention to Commence Small Mining Operations** (Notice), the surety amount needs to be increased from \$10,200.00 to \$12,600 for a three-year escalation (surety next evaluated in 2017) or \$13,000 for a five-year escalation. The average reclamation costs are outlined on the following table.

Small Mine Operation Bond Calculation Worksheet S/019/0063

3-year escalation (2017)

Item	Quantity	Unit Cost	Total Cost
1st Acre Disturbance	1	\$7,400.00	\$7,400.00
Add'l Acres Disturbance	1	\$5,200.00	\$5,200.00
TOTAL			\$12,600.00

5-year escalation (2019)

Item	Quantity	Unit Cost	Total Cost
1st Acre Disturbance	1	\$7,700.00	\$7,700.00
Additional Acres Disturbance	1	\$5,300.00	\$5,300.00
TOTAL			\$13,000.00

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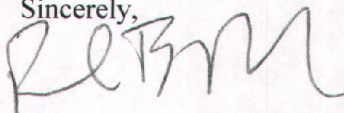
You have recently submitted a revised NOI to reduce the amount of bonded disturbance acreage. Final approval of the revised NOI will be granted after receipt of the additional bond amount needed to reach the escalated level, either for three years or five years.

Please contact the bond coordinator, Penny Berry, at 801-538-5291 or by email at pennyberry@utah.gov for information about submitting the additional surety. Your current surety is in the form of a letter of credit with Zions Bank. You may amend the current letter of credit, or replace the letter of credit with another letter of credit, a surety bond, cash, or a certificate of deposit. Bonding forms are available on the Internet at:
http://linux1.ogm.utah.gov/WebStuff/wwwroot/minerals/bonding_forms.html.

Since you have been working with the Division in good faith to address this issue, the deadline for increasing the surety has been extended. Please provide the additional surety no later than January 31, 2014. A request for the annual permit fee for 2014 will be sent separately.

Thank you for your help in keeping the surety current. Please contact Mike Bradley at 801-538-5332 or me at 801-538-5261 if you have questions concerning this letter.

Sincerely,



Paul B. Baker
Mining Program Manager

PBB:mpb:pb

cc: Jerry Mansfield, SITLA (jmansfield@utah.gov)
John Blake, SITLA (jblake@utah.gov)

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